

Message Text

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NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

IO-13 EB-07 COME-00 TRSE-00 /082 W

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R 302112Z JUL 76

FM AMEMBASSY ASUNCION

TO SECSTATE WASHDC 7984

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY LA PAZ

AMEMBASSY SANTIAGO

AMEMBASSY BRASILIA

AMEMBASSY MONTEVIDEO

USCINCSOUTH

CONFIDENTIAL SECTION 1 OF 2 ASUNCION 3168

E.O. 11652: XGDS-1

TAGS: PFOR, PAJH AR

SUBJ:VISIT OF ARGENTINE FOREIGN MINISTER

SUMMARY: ARGENTINE FOREIGN MINISTER GUZETTI VISITED PARAGUAY JULY 26-28. A NUMBER OF MINOR AGREEMENTS WERE SIGNED AND CONCESSIONS GRANTED TO PARAGUAY IN AN APPARENT EFFORT BY ARGENTINA TO SET THE STAGE FOR AN IMPROVED RELATIONSHIP. HOWEVER, IN THE LIGHT OF WHAT IS VIEWED HERE AS A HISTORY OF NEGLECT AND HARASSMENT, THE GOP REMAINS SKEPTICAL OF ARGENTINA'S GOOD INTENTIONS DESPITE THE FAVORABLE IMPRESSION MADE BY GUZETTI HIMSELF. ON BALANCE, EMBASSY CONSIDERS VISIT HAD POSITIVE RESULT FOR ARGENTINA IN THAT IT REKINDLED LATENT FEELINGS OF GOOD WILL BASED ON CLOSE HISTORICAL AND CULTURAL TIES AND FORMER INFLUENCE HERE. WHETHER THIS CAN BE SUSTAINED DEPENDS LARGEMLY ON ARGENTINA'S WILLINGNESS AND CAPACITY TO FOLLOW UP. END SUMMARY.

1. ARGENTINE FOREIGN MINISTER REAR ADMIRAL CESAR AUGUSTO GUZETTI MADE A VISIT TO PARAGUAY JULY 26-28.
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DURING THE VISIT HE MET WITH PRESIDENT STROESSNER,

FOREIGN MINISTER NOGUES AND OTHER TOP RANKING GOP
OFFICIALS. HE TOOK PART IN THE USUAL ROUND OF CEREMONIES,
AND RECEIVED HIGH PARAGUAYAN DECORATION. ON HIS ARRIVAL,
FOREIGN MINISTER GUZETTI EXPRESSED HIS GOVERNMENT'S
DESIRE TO STRENGTHEN FRIENDSHIP AND COOPERATION WITH
PARAGUAY, ABLHEME WHICH HE VOICED REPEATEDLY IN PUBLIC
DURING HIS STAY. GUZETTI, WHO ALWAYS APPEARED IN HIS
NAVY UNIFORM, DESCRIBED HIS VISIT AS "THE FIRST STAGE IN
A GREAT ARGENTINE-PARAGUAYAN UNDERSTANDING."

2. A NUMBER OF MINOR AGREEMENTS WERE SIGNED AND CONCESSIONS
GRANTED BY ARGENTINA
IN CONNECTION WITH THE VISIT. IN A
MOVE DESIGNED TO PLEASE LOCAL CONSUMERS, THE ARGENTINE EMBASSY JUST
BEFORE GUZETTI'S ARRIVAL ANNOUNCED THAT CONTROLS OF BORDER
TRAFFIC BETWEEN ASUNCION AND THE ARGENTINE BORDER TOWN OF
CLORINDA WOULD BE LIBERALIZED SO THAT INDIVIDUAL PARAGUAYANS
WOULD HENCEFORTH BE ABLE TO BRING OUT BASIC CONSUMER PRODUCTS
IN SUCH AMOUNTS AS WOULD BE REASONABLE FOR PERSONAL USE.
THEY ALSO ANNOUNCED ARGENTINA'S INTENTION TO CONSTRUCT A
BRIDGE ACROSS THE PARANA RIVER IN THE POSADAS-ENCARNACION
AREA AND TO MAKE A GIFT TO PARAGUAY OF 15,000 TONS OF WHEAT.
A NUMBER OF PROTOCOLS WERE SIGNED RELATING TO THE PROPOSED
BINATIONAL YACYRETA HYDROELECTRIC PROJECT IN AN APPARENT EFFORT
BY ARGENTINA TO GIVE NEW IMPETUS TO THE PROJECT.

3. THE IMPORTANT QUESTION OF THE TREATMENT OF PARAGUAYAN
COMMERCE TRANSITING ARGENTINA WAS ADDRESSED DURING THE VISIT.
THIS IS ONE OF THE MOST TROUBLESOME BILATERAL ISSUES FROM
PARAGUAY'S VIEWPOINT. DELAYS, CHANGING CUSTOMS REGULATIONS,
PORT AND OTHER CHARGES REGARDED HERE AS EXCESSIVE, ETC., ARE
AN ALMOST CONSTANT SOURCE OF IRRITATION. ADMIRAL GUZETTI
RECEIVED DELEGATIONS FROM THE TWO LEADING PARAGUAYAN IN-
DUSTRIAL AND COMMERCIAL ORGANIZATIONS, WHO PRESENTED VARIOUS
PROPOSALS TO HIM FOR IMPROVING THE PRESENT SYSTEM FOR CLEARING
SHIPMENTS TO ECD FROM PARAGUAY THROUGH ARGENTINA. HIGH DUTIES
AND ADMINISTRATIVE OBSTACLES PLACED ON PARAGUAYAN EXPORTS TO
ARGENTINA WERE ALSO DISCUSSED. THE ARGENTINE FOREIGN MINISTER
PROMISED COOPERATION AND CALLED FOR FURTHER NEGOTIATIONS
ON THE POINTS RAISED.

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4. THE DIRECTOR OF INTERNATIONAL ORGANIZATIONS AND TREATIES
AT THE MINISTRY OF FOREIGN AFFAIRS TOLD EMBOFF THAT WHILE
ADMIRAL GUZETTI PERSONALLY MADE A FAVORABLE IMPRESSION AND
APPEARED SINCERE IN HIS DESIRE TO BE HELPFUL IN RESOLVING
MAJOR OUTSTANDING BILATERAL ISSUE, INCLUDING THOSE RELATING
TO RIVER COMMERCE AND BORDER PROBLEMS, THE GOP REMAINED
SKEPTICAL OF ARGENTINA'S GOOD INTENTIONS. OWING TO WHAT

HE VIEWED AS A LONG HISTORY OF NEGLECT AND HARASSMENT OF PARAGUAY, THIS OFFICIAL FELT THAT ARGENTINE PROMISES WOULD HAVE TO BE FOLLOWED UP BY POSITIVE ACTION BEFORE A NEW POLICY OF FRIENDSHIP TOWARDS PARAGUAY COULD BE ACCEPTED HERE AS GENUINE.

5. THE POLITICAL COUNSELOR OF ARGENTINE EMBASSY TOLD EMBOFF THAT ARGENTINES CONSIDERED THE VISIT HIGHLY SUCCESSFUL. HE SAID IT WAS PART OF A NEW ARGENTINE EMPHASIS ON IMPROVING RELATIONS WITH NEIGHBORING COUNTRIES, WHICH HAD BEEN ALLOWED TO DETERIORATE BADLY OVER THE PAST DECADE. IN THE CASE OF PARAGUAY, HE FELT THERE HAD ALWAYS EXISTED LATENT GOOD WILL TOWARDS ARGENTINA, AND THAT THE LATTER ONLY NEEDED TO SHOW SOME INTEREST IN PARAGUAY TO BRING IT OUT. HE THOUGHT THE MAIN SIGNIFICANCE OF THE GUZETTI VISIT WAS THAT IT HAD ACCOMPLISHED THIS.

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6. IN THE FIELD OF SECURITY, THE ARGENTINE OFFICIAL SAID THERE HAD BEEN CONSIDERABLE DISCUSSION OF NEW WAYS OF COLLABORATING. IN GENERAL HE THOUGHT BOTH SIDES

WERE DISSATISFIED WITH THE PAST LEVEL OF COOPERATION. IT WAS AGREED THAT SUSPICIOUS NATIONALS OF ONE COUNTRY DETAINED IN THE OTHER WOULD BE EXCHANGED AUTOMATICALLY. ALSO, A NEW SYSTEM OF DIRECT INTELLIGENCE EXCHANGE BETWEEN SECURITY FORCES IN THE BORDER AREAS HAD BEEN SET UP TO TAKE THE PLACE OF THE PREVIOUS CUMBERSOME SYSTEM OF HAVING TO GO THROUGH BUENOS AIRES. HE SAID AT PARAGUAY'S REQUEST ARGENTINA HAD AGREED TO REMOVE CERTAIN PARAGUAYAN EXILES REGARDED AS DANGEROUS BY THE GOP FROM ORDER TOWNS TO THE INTERIOR OF THE COUNTRY. IN SOME CASES THIS HAS ALREADY BEEN DONE. FOR EXAMPLE, THE NOTORIOUS PARAGUAYAN MOPOCO EXILE LEADER, DR. AUGUSTIN GOIBURU, FORMERLY OF POSADAS, IS NOW RELOCATED IN ROSARIO. HE SAID PARAGUAY HAD REQUESTED ARGENTINE ASSISTANCE IN IMPROVING THEIR INTELLIGENCE COLLECTION AND EVALUATION CAPABILITY WHICH HE THOUGHT WOULD BE FORTHCOMING.

7. BRAZILIAN EMBASSY POLITICAL COUNSELOR TOLD EMBASSY
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OFFICER THAT THE MOST IMPORTANT ASPECT OF THE VISIT FROM THE BRAZILIAN POINT OF VIEW WAS THAT PARAGUAY HAD NOT GIVEN ITS FINAL APPROVAL TO THE CORPUS HYDROELECTRIC PROJECT. HE SAID THAT GUZETTI HAD PRESSED NOGUES TO AGREE IN ADVANCE TO THE PROJECT, WITH THE DETAILED PLANS TO BE DEVELOPED LATER. THE BRAZILIAN SIAD THE GOP TOOK THE POSITION THAT THEY COULD NOT GIVE FINAL APPROVAL UNTIL THEY KNEW THE DETAILS OF THE PROJECT.

8. COMMENT: THE FIRST HIGH LEVEL CONTACT WITH THE ARGENTINE MILITARY REGIME WAS AWAITED WITH MUCH ANTICIPATION IN ASUNCION. ON BALANCE, WE CONSIDER THE RESULTS POSITIVE, NOT SO MUCH FOR THE AGREEMENTS THAT WERE REACHED, BUT MORE FOR THE PSYCHOLOGICAL IMPACT. ADMIRAL GUZETTI'S FRIENDLY AND FORTHCOMING APPROACH APPARENTLY SUCCEEDED IN AROUSING LATENT GOOD WILL IN PARAGUAY TOWARDS ARGENTINA AND HAS SET THE STAGE FOR FURTHER PROGRESS IN BILATERAL RELATIONS. AFTER YEARS OF NEGLECT BY A SUCCESSION OF ARGENTINE REGIMES, RELATIONS WITH PARAGUAY HAD BEEN ALLOWED TO DETERIORATE AS PARAGUAY WAS DRAWN MORE CLOSELY INTO THE ORBIT OF BRAZIL. WHILE THIS MADE SENSE IN ECONOMIC TERMS, BECAUSE OF BRAZIL'S DYNAMIC GROWTH AND THE NEED TO COOPERATE ON THE MAMMOTH ITAIPU HYDROELECTRIC PROJECT, THE PRO-BRAZIL POLICY OF THE STROESSNER GOVERNMENT HAS NEVER BEEN VERY POPULAR. NOW AS A RESULT OF THE CHANGE OF DIRECTION IN ARGENTINA AND THE FRIENDLY, COOPERATIVE ATTITUDE OF REAR ADMIRAL GUZETTI, ARGENTINA MAY HAVE GAINED SOME MOMENTUM TOWARDS ASSUMING ITS TRADITIONAL ROLE IN PARAGUAY AS A COUNTERBALANCE TO BRAZIL. WHETHER THIS MOMENTUM CAN BE SUSTAINED DEPENDS MAINLY ON ARGENTINA'S WILLINGNESS AND CAPACITY TO FOLLOW UP.

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